



LIFE BRANDZ LTD.

(Company Registration Number 200311348E)

(Incorporated in the Republic of Singapore)

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- 1. UPDATE ON THE BUSINESS OPERATIONS IN LIGHT OF COVID-19**
 - 2. PERMANENT CLOSURE OF HASHIDA SUSHI SINGAPORE AND THE CHANGE OF CONCEPT TO KAJI F&B SINGAPORE**
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The Board of Directors (the “**Board**”) of LifeBrandz Ltd. (the “**Company**” and together with its subsidiaries, the “**Group**”) would like to update shareholders in respect of the Group’s business operations in light of the COVID-19 outbreak, as well as the permanent closure of Hashida Sushi Singapore (“**Hashida Sushi**”) operated by the Company’s wholly-owned subsidiary, Cloud Eight Pte. Ltd. and the change of concept to Kaji F&B Singapore (“**Kaji F&B**”) to be operated by the Company’s wholly-owned subsidiary, LB F&B Pte. Ltd. together with Mr Kaji Mitsuyoshi under Kaji F&B Pte. Ltd..

1. UPDATE ON THE BUSINESS OPERATIONS IN LIGHT OF COVID-19

The Company refers to Prime Minister Lee Hsien Loong’s address on 21 April 2020 outlining the tightened Circuit Breaker measures implemented by the Singapore Government to further reduce the transmission of COVID-19 (the “**Enhanced Measures**”). As part of the Enhanced Measures, the Circuit Breaker period has been extended by another 4 weeks until 1 June 2020 with closure of more work premises and tighter workplace measures.

Following the implementation of the Enhanced Measures, Hashida Sushi has ceased its operations (including its take-away services) from 17 April 2020 due to the following reasons:

- Poor response from take-away services, whether through its own website or via other delivery platforms; and
- Sales generated from take-away services are insufficient to cover the costs incurred.

Furthermore, the Company has decided on permanent closure of Hashida Sushi and a change of concept to Kaji F&B, the details of which are provided in Section 2 of this announcement.

In addition, the Board would like to take this chance to update the shareholders on the Group’s overseas operations:

- Food and beverage business
 - (a) Sushi Nagai in San Francisco, the United States

Sushi Nagai is still in operations by providing drop to go (i.e. take-away) service since 17 March 2020.

(b) Mulligan's Irish Pub in Pattaya, Thailand

The Thai Government invoked the emergency decree which was enforced on 26 March 2020. Following the extension of state of emergency declaration to 30 April 2020, the closure of Mulligan's Irish Pub had been extended to 30 April 2020. The Irish Pub is aiming to re-open on 6 May 2020 if it is able to pass the Pattaya City social distancing standard in the shopping mall. We are currently working on the sanitizing the outlet and perform health check for staff in order to pass the examination.

- Travel business – e-Holidays Co., Ltd. in Tokyo, Japan

e-Holidays Co., Ltd. is still in operations with precautionary measures taken as disclosed in the Company's announcement dated 9 April 2020. The Company will continue to monitor the situation closely and will decide later if it is necessary to cancel the tour bookings for the 3-month period from July 2020 to September 2020.

It is contemplated that the foregoing will negatively impact the Group's cash flows, financial position and earnings per share for the financial year ending 31 July 2020, while partially bolstered by the temporary relieves and supports from various governments. In particular, during the COVID-19 outbreak period, the Company expects the following situations:

- Reduction in revenue where the magnitude of which is depending on, *inter alia*, the extent of the lockdown period in each of the places of operations and the temporary closure period of our restaurants.
- Certain fixed costs such as wages and overheads that have to be paid independent of any specific business activities despite the reduced or lack of revenue during the COVID-19 outbreak period. The amount will be partially offset by the temporary relieves and supports from various governments.

However, in view of the fluidity of the COVID-19 pandemic globally, the extent of the impact on the Group's financial performance and operations for the financial year ending 31 July 2020 cannot be determined at this point in time. The Board would like to assure shareholders that steps are taken to focus on operational excellence, tighten cost controls, conserve the Group's cash flow and manage the working capital during this period.

Barring any unforeseen circumstances, the Group will be able to meet its short-term obligations as and when they fall due and continue as a going concern with, *inter alia*, the ongoing financial supports from the controlling shareholder of the Company, Bounty Blue Capital Ltd, and the substantial shareholder of the Company, Capital Square Co., Ltd.. In addition, the Group is exploring other financing options to improve its liquidity, such as short-term debt financing, should the need arises.

The Group will continue to monitor its sales, governments' supports and the evolving situation of the COVID-19 pandemic closely. It will also continue to perform strategic review on the Group's business. The Company will make the necessary announcement(s) in relation to the impact of new government measurement/policies on the Group's business operations (if material).

2. PERMANENT CLOSURE OF HASHIDA SUSHI SINGAPORE AND THE CHANGE OF CONCEPT TO KAJI F&B SINGAPORE

The Company noted the impact of the Enhanced Measures on Hashida Sushi as stated above and performed a strategic review of the viability of Hashida Sushi. It has decided to permanently close Hashida Sushi with effect from 30 April 2020, taking into consideration the factors as follows:

- Negative economic outlook, both globally and locally, for year 2020;
- Expectation that the consumption power of each customer would reduce significantly during the same period (i.e. in year 2020) in view of the negative economic outlook; and
- Expectation that profit margin of new business concept under Kaji F&B would be better than the current business concept under Hashida Sushi after studying the historical financial data and market reach of Hashida Sushi.

The Company refers to its announcements dated 28 February 2020 and 6 March 2020 in relation to the investment agreement between LB F&B Pte. Ltd. and Mr Kaji Mitsuyoshi relating to a proposed investment into Kaji F&B Pte. Ltd.. With the permanent closure of Hashida Sushi, the Company intends to expedite the opening of Kaji F&B, where minor renovation on the current outlet of Hashida Sushi will commence in June 2020, assuming that the Circuit Breaker measures will be lifted after 1 June 2020, in view of sustaining the Group's immediate working capital requirements and long-term growth. The Company believes that, with the proper marketing strategy, the "Kappo" style of Kaji F&B will be able to attract more customers in terms of pricing and food varieties, as compared to Hashida Sushi, given the current economic outlook for 2020. Kaji F&B is also expected to incur relatively lower costs (including lesser headcount and lower operating costs). Accordingly, the Company expects the profit margin of Kaji F&B to be improved, which in turn will be beneficial for the Group and its shareholders in the long-run. Accordingly, the Board is of the view that the permanent closure of Hashida Sushi, and the change of concept to Kaji F&B, will be in the best interests of the Group and its shareholders.

In view of the permanent closure of Hashida Sushi, the Group expects to incur an immediate one-off retrenchment costs of around S\$65,000 (on top of the salaries of Hashida Sushi's staff for April 2020 of around S\$45,000 after deducting applicable government subsidies). The Company has confirmed with Bounty Blue Capital Ltd that these costs will be funded through its advance to the Company as part of its financial support to the Group. Accordingly, the permanent closure of Hashida Sushi is not expected to change the going concern assumptions of the Board provided above.

By Order of the Board

Saito Hiroyuki
Executive Chairman and Chief Executive Officer
4 May 2020

This announcement has been reviewed by the Company's sponsor, SAC Capital Private Limited (the "Sponsor"). This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "SGX-ST") and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Ms Lee Khai Yinn (Tel: (65) 6232 3210), at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.